

Message Text

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FROM CHARGE

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SUBJECT: PANAMA CANAL TREATY

1. THE GENERAL REACTION TO THE PANAMA CANAL TREATY

CEREMONIES AND TO PRESIDENT BANZER'S BILATERAL WITH
PRESIDENT CARTER HAS BEEN VIRTUALLY 100 PERCENT FAVORABLE
HERE. PRACTICALLY BANZER'S FIRST WORDS ON ARRIVING AT
SANTA CRUZ, BOLIVIA WERE PRAISE FOR PRESIDENT CARTER AS
AN EXCELLENT REPRESENTATIVE OF THE U.S. PEOPLE, AND AN
INTELLIGENT, GOOD AND SINCERE MAN. I KNOW, FROM BANZER'S
PERSONAL REMARKS, THAT THIS DID REPRESENT HIS TRUE
PERSONAL FEELINGS. HE WAS MOST APPRECIATIVE OF PRESIDENT
CARTER'S ASSISTANCE IN ARRANGING THE TRIPARTITE MEETING
WITH PINOCHET AND MORALES AND IMPRESSED WITH THE PRESIDENT'S
AWARENESS OF THE OUTLET TO THE SEA PROBLEM. BANZER, FROM
BOTH HIS REMARKS TO ME AND THOSE OF HIS STAFF, DID NOT
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EXPECT MORE THAN THE SYMPATHETIC HEARING WHICH HE RECEIVED
AND THE OFFER TO ASSIST AS A FRIEND WITHOUT DIRECT
INVOLVEMENT IN ANY NEGOTIATIONS.

2. PRESS AND PUBLIC REACTION TO U.S. ACTION TO RESOLVE
THE LONG STANDING CANAL SITUATION HAS EMPHASIZED THE
STATESMANLIKE APPROACH OF PRESIDENT CARTER AND THE GREAT

BOOST TO U.S.-LATIN AMERICAN RELATIONS GIVEN BY THE TREATY. IN OUR DISCUSSIONS WITH LOCAL OFFICIALS AND OPINION LEADERS, ALMOST ALL EXPRESS THE OPINION THAT FAILURE TO OBTAIN CONGRESSIONAL APPROVAL OF THE NEW TREATY WILL BE A MAJOR BLOW TO U.S. PRESTIGE IN BOLIVIA AND IN LATIN AMERICA WHICH, WHILE IT PROBABLY WILL NOT HAVE ANY IMMEDIATE DIRECT CONSEQUENCES IN MOST LATIN AMERICAN COUNTRIES, IT WILL HAVE A DEBILITATING PSYCHOLOGICAL EFFECT ON OUR LONG RUN RELATIONS WHICH BOLIVIA WILL SHARE. FAILURE TO APPROVE THE TREATY WILL BE A PALPABLE SYMBOL TO BOLIVIA THAT THE U.S. PEOPLE REALLY HAVE LITTLE CONCERN FOR THEIR NEIGHBORS TO THE SOUTH. IN CONSEQUENCE, THESE OBSERVERS STATE, THE PRESENT INCLINATION OF MANY LATIN LEADERS TO LOOK TO THE U.S. FOR LEADERSHIP, TO TRUST IN THE BASIC GOOD FAITH OF THE USG IN INTERNATIONAL POLITICAL AND ECONOMIC AFFAIRS, AND THEIR WILLINGNESS TO COOPERATE WITH US ACROSS THE RANGE OF INTERNATIONAL PROBLEMS AND ISSUES WILL BE SADLY DETERIORATED

3. IN BOLIVIA'S CASE, THE CANAL TREATIES WERE ALSO WELCOMED BECAUSE OF THEIR IMPORTANCE AS A PRECEDENT FOR BOTH THE LEGAL AND POLITICAL POSSIBILITY OF MODIFYING PAST AGREEMENTS TO PERMIT AN OUTLET TO THE SEA FOR THE NATION. UNFORTUNATELY, THE POSITIVE ASPECT OF PRESIDENT BANZER'S MEETING WITH PRESIDENT CARTER, AND PRESIDENT CARTER'S CONSIDERABLE FORTHCOMINGNESS IN URGING THE PARTIES TO

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FIND A SOLUTION, HAS BEEN OVERSHADOWED BY THE MOOD OF DEJECTION OVER THE PESSIMISTIC OUTCOME OF PRESIDENT BANZER'S MEETING WITH PRESIDENTS PINOCHET AND MORALES. BOLIVIAN OFFICIALS HAVE MADE NO SECRET ABOUT THEIR UNHAPPINESS WITH THE ATTITUDE EXPRESSED BY PINOCHET AND MORALES (SEE LA PAZ 7311) AND GOB OFFICIALS' STATEMENTS TO THE PRESS ABOUT THE DIFFICULTY PRESIDENT BANZER HAD VEN PERSUADING THE OTHER TWO PRESIDENTS TO MEET AT ALL HAVE FURTHER CONTRIBUTED TO PUBLIC PESSIMISM ABOUT THE POSSIBILITY OF A SOLUTION. BANZER HIMSELF HAS MADE SEVERAL PUBLIC SPEECHES CLEARLY STATING THAT BASED ON THE TRIPARTITE MEETING, THE BOLIVIAN PEOPLE SHOULD UNDERSTAND THAT THERE WILL BE NO EASY OR EARLY SOLUTION.

4. ALL IN ALL, THEN, WHILE THE CANAL CEREMONIES WERE A GREAT DIPLOMATIC SUCCESS FOR U.S.-BOLIVIAN RELATIONS, THE UNHAPPY RESULTS OF THE TRIPARTITE PRESIDENTS MEETING DID CAST SOMETHING OF A PALL OVER THE EVENT. PERHAPS THE REALITY OF THE SITUATION MAY PERSUADE THE BOLIVIAN PEOPLE THAT IN FACT GIVING UP BOLIVIAN TERRITORY TO CHILE IS ESSENTIAL TO OBTAINING A SEA OUTLET. FURTHERMORE, PRESIDENT BANZER, SINCE HIS RETURN, HAS CONVEYED THE

MESSAGE THAT HE HAS MADE EVERY EFFORT POSSIBLE TO MOVE TOWARDS A SEA OUTLET, TO THE POINT ALMOST OF LOWERING NATIONAL DIGNITY, BUT THAT THE INTRANSIGENCE OF PERU AND CHILE FRUSTRATE BOLIVIA'S GREAT NATIONAL DESIRE. IN SOME RESPECTS, THEREFORE, BANZER MAY BE ABLE TO TURN THE SEA OUTLET IMPASSE TO HIS OWN POLITICAL PURPOSES. HE CERTAINLY WILL PUT THE BLAME ON PERU AND CHILE, BUT WHAT THIS MEANS IN PRACTICAL TERMS FOR FURTHER NEGOTIATIONS OR FOR RELATIONS WITH BOLIVIA'S TWO BIGGER NEIGHBORS IS NOT NOW CLEAR.

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